

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 16285 101558Z

46

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 ABF-01 STR-04 SP-02

AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 OMB-01

CEA-01 L-03 H-02 PRS-01 PA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 /100 W

----- 076345

P R 101519Z NOV 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 4096

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL MILAN

AMCONSUL NAPLES

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY TOKYO

LIMITED OFFICIAL USE ROME 16285

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN EXCHANGE MARKET DEVELOPMENTS

SUMMARY. BALANCE OF PAYMENTS FOR FIRST HALF OCTOBER
REGISTERED DEFICIT OF \$65.8 MILLION. 1975 BALANCE
OF PAYMENTS THROUGH FIRST NINE AND ONE-HALF MONTHS
SHOWED \$824.3 MILLION CUMULATIVE RECORDED DEFICIT.
FOR SAME PERIOD ADJUSTED BALANCE OF PAYMENTS (EXCLUDING
\$920 MILLION IN EUROMARKET LOAN REPAYMENTS) SHOWED
CUMULATIVE SURPLUS OF \$95.7 MILLION. ITALY RECEIVED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 16285 101558Z

EUROPEAN INVESTMENT BANK LOAN OF APPROXIMATELY \$108

MILLION DURING SECOND HALF OCTOBER. BOI EXCHANGE MARKET INTERVENTION DURING OCTOBER RESULTED IN \$197.8 MILLION NET SALES OF FOREIGN EXCHANGE. FROM NOVEMBER 1 THROUGH 7 THERE WAS APPROXIMATE NET BALANCE BETWEEN PURCHASES AND SALES OF FOREIGN EXCHANGE. END SUMMARY.

1. MONETARY MOVEMENTS DATA FOR FIRST HALF OCTOBER RECORDED DEFICIT OF \$65.8 MILLION. CHANGES IN BOI RESERVES DURING PERIOD WERE DECREASE IN CONVERTIBLE CURRENCY HOLDINGS OF \$293.8 MILLION, DECREASE IN SHORT-TERM LIABILITIES BY \$2.9 MILLION, INCREASE IN MEDIUM AND LONG-TERM LIABILITIES BY \$2.9 MILLION, INCREASE IN MEDIUM AND LONG-TERM LIABILITIES BY \$28.2 MILLION, AND INCREASE IN SDR HOLDINGS BY \$1.4 MILLION. COMMERCIAL BANKS' NET FOREIGN DEBT DECREASED BY \$251.9 MILLION.

2. RECORDED BALANCE OF PAYMENTS CUMULATIVE DEFICIT FOR FIRST NINE AND ONE-HALF MONTHS OF 1975 OF \$824.3 MILLION

WAS FINANCED BY DECREASE IN BOI FOREIGN EXCHANGE ASSETS BY \$1,167.5 MILLION, DECREASE IN SDR HOLDINGS OF \$87.9 MILLION, DECREASE IN BOI SHORT-TERM LIABILITIES OF \$66.4 MILLION, INCREASE IN BOI MEDIUM AND LONG-TERM LIABILITIES OF \$532.6 MILLION, AND DECREASE IN SHORT-TERM BORROWINGS OF COMMERCIAL BANKS OF \$897.3 MILLION.

3. ACCORDING TO DR. CESARE GERONSI, CHIEF FOREIGN EXCHANGE SECTION BOI, BOI EXCHANGE MARKET INTERVENTION DURING OCTOBER RESULTED IN \$197.8 MILLION NET SALES OF FOREIGN EXCHANGE DUE TO NET SALES OF \$281.0 MILLION IN FIRST HALF AND NET PURCHASE OF \$83.2 MILLION IN SECOND HALF OF MONTH. IN PERIOD NOVEMBER 1-7 THERE WAS APPROXIMATE NET BALANCE BETWEEN PURCHASES AND SALES OF FOREIGN EXCHANGE. GERONSI ALSO SAID THAT IN SECOND HALF OF OCTOBER ITALY RECEIVED APPROXIMATE \$108 MILLION LOAN FROM EUROPEAN INVESTMENT BANK.

4. ON NOVEMBER 7 FOLLOWING FINANCIAL RATES PREVAILED:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ROME 16285 101558Z

LIRA SPOT EXCHANGE RATE WAS 674.55 LIRE PER DOLLAR, THREE-MONTH FORWARD RATE WAS 679.4 LIRE PER DOLLAR, WEIGHTED AVERAGE DEVALUATION OF LIRA, ACCORDING TO BOI INDEX SINCE FEBRUARY 9, 1973 BASE PERIOD WAS AGAINST ALL MAJOR CURRENCIES 20-47 PERCENT, AGAINST THE DOLLAR 13.87 PERCENT, AND AGAINST THE EC CURRENCIES 25.36 PERCENT. BLACK MARKET RATE IN MILAN WAS 757.25 LIRE PER DOLLAR, THREE-MONTH EUROLIRA INTEREST RATE

WAS O 3/4 PERCENT, LIRA INTERBANK FORTY-EIGHT HOUR
RATE WAS 6.9375 PERCENT, AND LIRA INTERBANK THREE-
MONTH RATE WAS 7.8125 PERCENT. CALINGAERT

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE DATA, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME16285
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750390-0526
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751158/aaaacadn.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 29 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 APR 2003 by BoyleJA>; APPROVED <30 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALIAN EXCHANGE MARKET DEVELOPMENTS SUMMARY. BALANCE OF PAYMENTS FOR FIRST HALF OCTOBER
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006